

May 24, 2005: NORTON BILL TO GIVE OWNERSHIP OF VALUABLE FEDERAL LAND TO PARTIALLY COMPENSATE D.C.

FOR IMMEDIATE RELEASE

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NORTON BILL TO GIVE OWNERSHIP OF VALUABLE FEDERAL LAND TO PARTIALLY COMPENSATE D.C. FOR STRUCTURAL IMBALANCE

Washington, DC—Congresswoman Eleanor Holmes Norton (D-DC) today introduced the Fair Land Transfer Compensation Act, a bill to partially compensate the District of Columbia for the federally imposed structural imbalance by transferring to District ownership two major parcels that the city has long sought for private development: Reservation 13, where D.C. General Hospital, and other public buildings are located; and Poplar Point, both in Southeast. The land transfers would provide a continuing revenue stream generated from economic development by the District not now possible because the District has administrative control and not ownership. The bill implements H.R. 1586, the Fair Federal Compensation Act (FFCA), introduced in April by the bipartisan regional delegation to compensate the District for the structural imbalance that the GAO found was caused by federal mandates, such as the ban on a commuter tax and the tax exempt use of D.C. land for federal facilities. According to the findings in the bill, the transfer would create a significant new revenue stream that would be a partial payment for the structural imbalance.

The Norton bill requires the GSA, in consultation with the city, to provide a timely appraisal of the properties and determine fair market value depending on possible land use, zoning and other planning consideration. The bill also requires estimates of the financial benefit to the District, necessary to determine the extent to which the bill would reduce the federal government's responsibility for the structural imbalance.

In her introductory statement, Norton said, "The federal government has never used the parcels in my bill and has no intention of doing so. At the same time, the District is unable to get the highest and best use or value from this strategically located land in the city. Achieving maximum use of available sites located in the nation's capital, where the federal government owns and occupies the most valuable land, is essential to maintaining the financial stability of the District of Columbia."

The Congresswoman said that she introduced the bill because, despite the GAO study confirming exclusive federal responsibility for the District's dangerous structural imbalance and the bipartisan FFCA, neither the administration nor the Congress has responded for years while the imbalance has increased. "This new bill providing valuable land to partially compensate the District would mark the first significant federal response to the FFCA," Norton said.

Norton's full statement follows.

Today I am introducing the Fair Land Transfer Compensation Act, a bill for fee simple transfer of certain federal lands to the District of Columbia to provide partial in-kind compensation for the federally imposed structural balance documented in a 2003 GAO report to be "between \$470 million and up to more than \$1.1 billion." My bill would transfer 65.73 acres of land in Southeast Washington, D.C. known as Reservation 13 and the parcel known as Poplar Point, also in Southeast. The bill introduced today would assist in providing the compensation that would be authorized by H.R. 1586, the Fair Federal Compensation Act (FFCA) introduced by the bipartisan House regional delegation and me in April. The FFCA would authorize an annual federal contribution of \$800 million (to increase annually with the consumer price index) to partially compensate the city and relieve a dangerous structural imbalance.

The extensively documented GAO report confirming exclusive federal responsibility for the District's structural imbalance and the bipartisan sponsorship of the FFCA demonstrate the need for federal action. However, neither the administration nor the Congress has responded, despite the District's continuing apprehension and repeated introduction of the FFCA. Today's bill providing valuable land to partially compensate the District would mark the first significant federal response to the FFCA.

The District of Columbia has had administrative control of Reservation 13, a GSA property, for 150 years and has used the parcel for the D.C. General Hospital, the District of Columbia jail, and other public facilities. Poplar Point is a strip of land owned by the National Park Service but has never been developed for use as a park.

The transfer authorized in this bill has several advantages for the District and for the federal government: an immediate benefit in partial payment that the District has long sought from the federal government to compensate the city for the structural imbalance; satisfaction, through the transfer of valuable federal land, of some of the responsibility the GAO reports that the federal government bears for the District's structural imbalance; the highest and best use for underused land that the District desires for mixed uses that are unavailable if the District continues to have administrative

control but not ownership; a continuing revenue stream in the nature of an annual contribution from investments the District will be able to attract following transfer of the land; and compliance with the Federal Property Act (FPA) requirement that the federal government receive value for the transfer. The bill requires an appraisal and estimates of the financial benefit to the District that are necessary to determine the extent to which the bill would reduce the federal government's responsibility for the structural deficit.

The federal government has never used the parcels in my bill, and has no intention of doing so. At the same time, the District is unable to get value from this strategically located land in the city. Achieving maximum use of available sites located in the nation's capital, where the federal government owns and occupies the most valuable land, is essential to maintaining the financial stability of the District of Columbia .

This bill would compensate the District for some of the costs responsible for the structural imbalance which include the federal removal from the tax rolls of more than 40% of District's land for federal and other purposes; services provided by the District to 200,000 federal employees, notwithstanding a ban on taxation of commuters, most of whom are federal employees; and the District's responsibility for several state costs, although the city is not a state and lacks the broad tax base of a state.

The costs to the District to cover this structural deficit are unsustainable. Among the most serious are the city's debt service, the highest in the country; its taxes, among the highest; and deferral of major capital improvements for vital facilities such as schools and for roads, a major factor inhibiting economic and population stability and growth.

The existence, source and danger of the structural deficit imposed by federal mandates have been fully acknowledged and are no longer debatable. In addition to the definitive GAO report and the findings of the District's Chief Financial Officer, the details are reported in two other studies (McKinsey, March 2002, requested by the Federal City Council consisting of regional business representatives; and Brookings, October 2002, led by Alice Rivlin, former director of the CBO and of the OMB).

According to the GAO, the only available options to eliminate the federally imposed deficit are "to expand the District's tax base or to provide additional financial support." The bill I introduce today will "expand the District's tax base," creating a continuing revenue stream because ownership will allow the District to get the highest and best use of valuable land through its own development initiative. I ask that the House begin the process of compensating the District for the federal deficit carried by the city by enacting the Fair Land Transfer Compensation Act.